

Exhibit B

September 24 Proposal



AHG Counterproposal

September 24, 2024

EVERCORE **Davis Polk**

Illust. Term Sheet – Framework of Out of Court Transaction

		① 9/15 Ducera Construct ¹	② 9/24 2L/HoldCo Response
American Freight ("AF")		<ul style="list-style-type: none"> ■ Silent 	<ul style="list-style-type: none"> ■ AF to be separated and wound-down / sold <ul style="list-style-type: none"> ▶ 100% of net proceeds from sale of ABL priority collateral to repay the ABL ▶ 100% of net proceeds from sale of TL priority collateral to repay the 1L TL ■ In parallel with wind-down planning and implementation, Company to market stores / leases to potential going-concern buyers (whole business and individual stores or packages of stores)
New Money		<ul style="list-style-type: none"> ■ ~\$148.8mm new money by 2L/HoldCo lenders. Potential to upsize if capital need increases, subject to diligence and business plan <ul style="list-style-type: none"> ▶ \$125.0mm new money liquidity funded as additional 2L debt ▶ ~\$23.8mm capitalized for next HoldCo (~\$18.9mm) and 2L (~\$4.9mm) interest payments as additional 2L debt ▶ 2.0x MOIC provided on all new money, capitalized interest, and exchange debt provided as 2L 	<ul style="list-style-type: none"> ■ ~\$123.8mm new money by 2L/HoldCo lenders <ul style="list-style-type: none"> ▶ \$100mm new first-lien second-out term loan ("FLSO") <ul style="list-style-type: none"> • Maturity: 3 months outside of FLFO (defined below) • Rate/Amort: S+775 PIK; no amort • Maintenance Covenants: None • Use of Proceeds: Transaction fees/expenses and balance sheet liquidity ▶ ~\$23.8mm capitalized for next HoldCo (~\$18.9mm) and 2L (~\$4.9mm) interest payments as additional 2L TL (defined below)
ABL Treatment		<ul style="list-style-type: none"> ■ Consent to Transaction and New 1L OpCo debt at PSP and VSI ■ Maintains senior position as ABL, maintains security package, and maintains priority in capital structure ■ Maturity to be extended to 3 months inside of the extended FRG 1L debt 	<ul style="list-style-type: none"> ■ FRG ABL extended on market terms <ul style="list-style-type: none"> ▶ <u>Maturity</u>: Extended to 3 months inside of FLFO ▶ <u>Rate</u>: S+200 (unchanged) ▶ <u>Maintenance Covenants</u>: Revert to covenant package prior to amendment: <ul style="list-style-type: none"> • Springing 1.0x FCCR test, subject to agreement on EBITDA and testing trigger • Elimination of excess availability covenant ▶ <u>Downsize Facility</u>: Commitments downsized to reflect reduced borrowing base following repayment from AF wind-down; covenant thresholds to be similarly reduced to reflect downsized facility
FRG 1L Treatment		<ul style="list-style-type: none"> ■ Exchange \$800.0mm of existing FRG 1L into New 1L OpCo debt at PSP and VSI <ul style="list-style-type: none"> ▶ Subject to acceptable terms and conditions of new debt and stub debt, including with respect to potential cash flow sweep. 1.00% amortization after 12 months ■ Extension of maturity on remaining FRG 1L debt (~\$298.1mm) to 10/31/2031² ■ Provide remaining FRG 1L debt with potential cash flow sweep that accelerates paydown and reduces effective term/duration, subject to business plan and liquidity review 	<ul style="list-style-type: none"> ■ FRG 1L TL exchanged at par into: <ul style="list-style-type: none"> ▶ \$650mm first lien first out term loan ("FLFO") <ul style="list-style-type: none"> • <u>Maturity</u>: 5 years from transaction close (~3.5 year extension) • <u>Rate/Amort</u>: S+475 cash (unchanged); 1.0% amortization • <u>Maintenance Covenant</u>: TBD covenant and level with testing to commence quarter ended Dec 31, 2026 • <u>ECF Sweep</u>: TBD sweep commencing quarter ended Dec 31, 2026 ▶ \$446mm FLSO <ul style="list-style-type: none"> • <u>Maturity</u>: 3 months outside of FLFO • <u>Rate/Amort</u>: S+475 cash + 200 PIK (total of S+675); no amort • <u>Maintenance Covenants</u>: None ■ FRG 1L TL Lenders to also receive their pro rata share of ~\$36.1mm of 2L TL with 2.0x MOIC (~\$72.2mm) and other terms outlined on following page

Illust. Term Sheet – Framework of Out of Court Transaction (Cont'd)

	① 9/15 Ducera Construct ¹	② 9/24 2L/HoldCo Response
FRG 2L/HoldCo Treatment	<ul style="list-style-type: none"> 2L debt to remain in place as 2L debt <ul style="list-style-type: none"> Maturity 3 months outside of extended 1L OpCo debt² Modify interest rate to S+8.00% cash or S+10.00% PIK, with toggle at FRG's election 2L debt to receive a 2.0x min MOIC on balances pro forma for the Transaction Next cash interest payment (~\$4.9mm) to be provided via upsized 2L debt \$148.8mm total increase in 2L debt balance across (i) \$125.0mm new money, (ii) ~\$23.8mm for capitalized interest (HoldCo and 2L), and (iii) ~\$88.7mm exchange of HoldCo debt into 2L <ul style="list-style-type: none"> All 2L debt issuances are pari passu with other 2L debt / existing 2L debt Pro forma 2L debt with full MOIC of ~\$362.5mm, reflecting: <ul style="list-style-type: none"> \$125.0mm current balance ~\$23.8mm for 2L and HoldCo interest \$125.0mm new money liquidity funded as additional 2L debt ~\$88.7mm HoldCo debt exchange Subtotal: ~\$362.5mm 2.0x MOIC: ~\$725.0mm 	<ul style="list-style-type: none"> FRG 2L/HoldCo debt exchanged into: <ul style="list-style-type: none"> \$325mm in FRG second lien debt ("2L TL") <ul style="list-style-type: none"> <u>Maturity</u>: 6 months outside of FLFO <u>Rate</u>: S+1,000 PIK <u>Amort</u>: No amortization <u>Min MOIC</u>: 2.0x (i.e., \$650mm) TBD% of common equity Pro forma 2L TL with full MOIC of ~\$361.1mm, reflecting: <ul style="list-style-type: none"> \$125.0mm current balance ~\$23.8mm for 2L and HoldCo interest ~\$36.1mm to FRG 1L TL Lenders (10% of full amount) ~\$176.2mm HoldCo debt exchange Subtotal: ~\$361.1mm 2.0x MOIC: ~\$722.2mm
Equity	<ul style="list-style-type: none"> Existing equity to receive remaining TBD percentage of common equity, in addition to TBD warrants 	<ul style="list-style-type: none"> TBD
Conn's Lease Rejection Claims	<ul style="list-style-type: none"> Conn's lease guarantee treatment to be determined prior to Transaction 	<ul style="list-style-type: none"> Conn's lease guarantee treatment to be determined prior to Transaction
MIP	<ul style="list-style-type: none"> Pro forma fully diluted equity (post HoldCo conversion and warrants) subject to dilution from a TBD management incentive plan. MIP TBD by board, performance/value will be tested relative to 1L attachment point at the time of Transaction 	<ul style="list-style-type: none"> TBD, but performance/value shall be tested relative to FLSO detachment point at the time of the Transaction
Governance	<ul style="list-style-type: none"> Governance TBD, with 2L/HoldCo lenders controlling the board 	<ul style="list-style-type: none"> 2L/HoldCo lenders controlling the board

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Illustrative Pro Forma Capitalization

9/24 2L/HoldCo Response

(\$ in millions)

PF Capitalization

	Q3'24 Transaction		Cash Interest Rate		PIK Interest Rate		Cash Interest		Maturity		xFY'25E	
	SQ	Adj.	PF	SQ	PF	SQ	PF	SQ	PF	SQ	PF	Adj. EBITDA
Total Consolidated Cash	\$20	\$50	\$70									
\$400mm ABL Facility ¹	\$259	\$ -	\$259	S + 200 ²	S + 200 ²	-	-	\$18	\$18	Mar-26	Jun-29 ³	
First-Lien First-Out TL	-	650	650	-	S + 475	-	-	-	61	-	Sep-29 ⁵	
First-Lien Second-Out TL (Exchanged 1L TL)	-	446	446	-	S + 475	-	200	-	42	-	Dec-29 ⁶	
First-Lien Second-Out TL (New Money)	-	100	100	-	-	-	S + 775	-	-	-	Dec-29 ⁶	
Sr. Secured 1L TL	1,096 ⁴	(1,096)	-	S + 475	S + 475	-	-	103	-	Mar-26	Mar-26	
Total FRG 1L Debt	\$1,355		\$1,455					\$121	\$121			7.4x 8.0x
Total FRG 1L Net Debt	\$1,335		\$1,385									7.3x 7.6x
Sr. Secured 2L TL	\$125	~\$236	~\$361 ¹	S + 1,000	-	1,000	S + 1,000	\$18	\$ -	Sep-26	Mar-30 ⁷	
Total FRG Debt	\$1,480		\$1,816					\$139	\$121			8.1x 9.9x
Total FRG 1L Net Debt	\$1,460		\$1,746									8.0x 9.6x
Freedom HoldCo Debt	\$515	(\$515)	\$ -	S + 1,000	S + 1,000	1,000	1,000	\$75	\$ -	Mar-26	Mar-26	
Total Consolidated Debt	\$1,995		\$1,816					\$215	\$121			10.9x 9.9x
Total Consolidated Net Debt	\$1,975		\$1,746									10.8x 9.6x
FY'25E Adj. EBITDA (excl. AF)				\$183								

	Liquidity			Cash Sources & Uses					
	SQ	Adj.	PF	Cash Sources			Cash Uses		
ABL Availability	\$400	\$ -	\$400	New Money (FLSO)			Illust. Txn Expenses		\$50
ABL Borrowing Base	331 ⁸	-	331				Cash to Balance Sheet		50
Lesser of	\$331		\$331	Total Cash Sources	\$100		Total Cash Uses		\$100
(-) ABL Outstanding	(259)	-	(259)						
(-) LCs	(17)	-	(17)						
Unused ABL	\$55		\$55						
(-) Cash Dominion Threshold ⁹	(41)	-	(41)						
ABL Availability	\$14		\$14						
(+) Cash	20	50	70						
Total Liquidity	\$33		\$83						

Source: Company Materials, FactSet, Markit

Note: 4.668% 3M SOFR as of 9/23/24; illustratively assumes transaction closes on 9/30/24 and AF exit occurs subsequently in Q4'24

1. ABL balance and pre-transaction ending cash as of WE 9/27 as proxy for 9/30 ending balance per 13WCF provided as of 9/19/24; excludes ~\$17mm LCs

2. Plus 10bps of Credit Spread Adjustment

3. 3 months inside of FLSO

4. Illustratively assumes ~\$2mm amortization paid out before transaction

5. 5 years from transaction close

6. 3 months outside of FLSO

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7. 6 months outside of FLSO

8. Borrowing base projected for WE 9/27 per 13WCF provided as of 9/19/24

9. 12.5% of borrowing base

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